

HELM

FINANCIAL CORPORATION

One Embarcadero Center • San Francisco, CA 94111

415/398-4510

FAX 415/398-4816

VIA AIR COURIER

June 27, 1997

Mr. Vernon Williams
Secretary

Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

RECORDATION NO. 20743 FILED

JUN 30 '97

10-25 AM

JUN 30 10 25 AM '97

RECEIVED
SURFACE TRANSPORTATION
BOARD

Dear Mr. Williams:

Enclosed are three (3) originals of the Memorandum of Locomotive Lease Agreement dated as of April 15, 1997 ("**Memorandum of Lease**") between the following parties:

Lessor: Helm Financial Corporation
One Embarcadero Center, Suite 3700
San Francisco, CA 94111

Lessee: BC Rail Ltd.
221 West Esplanade
Vancouver, BC V7M 3J1

The equipment involved in this transaction is as follows:

Equipment: Four (4), 3000 horsepower, SD40-2 locomotives, more fully described in Schedule A to the Memorandum of Lease.

Please file this agreement as a primary document. A check covering the filing fee of twenty-four dollars (\$24.00) is enclosed.

Sincerely,

P. Hapin

Patrick Hapin
Document Administrator

/ph
Enclosures (3)

MEMORANDUM OF
LOCOMOTIVE LEASE AGREEMENT

JUN 30 '97

10-25 AM

THIS MEMORANDUM OF LOCOMOTIVE LEASE AGREEMENT (the "Memorandum") is made as of April 15, 1997 and is intended to evidence that certain Locomotive Lease Agreement dated as of April 15, 1997 (the "Lease") between HELM FINANCIAL CORPORATION, a California corporation ("Lessor"), and BC RAIL LTD., a Canadian corporation ("Lessee"), for the purpose of satisfying the requirements of recordation with the Surface Transportation Board of the Department of Transportation under Section 49 of U.S.C. 11301. Lessor has the right to lease the locomotives, more fully described in Schedule A hereto (the "Units"). Lessee leased from Lessor the Units at the Rent and upon the terms and conditions provided in the Lease.

The Lease and the Units cannot be assigned, subleased or in any way encumbered without the prior written consent of Lessor. Lessee has granted a security interest unto Lessor in and to any and all Payments, as such term is defined in the Lease, including, without limitation, any and all Rent and other Payments pursuant to any sublease of the Units. In the Event of Default, as such term is defined in the Lease, Lessee assigns any and all subleases to Lessor.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum to be executed by their duly authorized representative as of the day and year first above written.

LESSOR

HELM FINANCIAL CORPORATION

By: 

Print Name: Richard C. Kirchner

Its: President

LESSEE

BC RAIL LTD.

By: Print Name: PAUL J. MCELLIGOTTIts: PRESIDENT + CHIEF
EXECUTIVE OFFICER

SCHEDULE A
TO THE MEMORANDUM OF
LOCOMOTIVE LEASE AGREEMENT

THE UNITS

Equipment Description:

Four (4), 3000 horsepower, SD40-2 locomotives equipped with dynamic brakes.

Unit Numbers:

HATX 753

HLCX 6224

MPI 9052

MPI 9020

STATE OF CALIFORNIA)
) S.S.
COUNTY OF SAN FRANCISCO)

On June 9, 1997, before me, Patrick M. Hapin — ^{Notary Public} personally appeared Richard C. Kirchner, President of **HELM FINANCIAL CORPORATION**,

✓ personally known to me -OR-

— proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Patrick M. Hapin
SIGNATURE OF THE NOTARY

[Notarial Seal]



PROVINCE OF British Columbia)
) S.S.
DISTRICT OF North Vancouver)

On MAY 30, 1997, before me, CAROL ANNE LEE personally appeared PAUL J. McCELLIGOTT, PRESIDENT + C.E.O. of BC RAIL, LTD.,

✓ personally known to me -OR-

— proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Carol Lee
SIGNATURE OF THE NOTARY
A Commissioner for taking Affidavits
for British Columbia

[Notarial Seal]

[Handwritten initials]